



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 3/31/2003

GAIN Report #PK3004

Pakistan

Oilseeds and Products

Annual

2003

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Report Highlights:

Pakistan is a major importer of vegetable oils and a growing importer of oilseeds. Despite best efforts domestic production meets only 30 percent of consumption requirements. MY 2003/04 oil seed import is expected to increase to 650,000 metric tons as government policies focus on generating greater economic return to the crusher and trade relations with India soften. Oil imports in MY 2003/04 are forecast to increase to 1.35 million metric tons (MMT). U.S. export assistance programs have been instrumental in reopening Pakistan's soybeans and soybean oil markets and GSM-102 credit guarantees should prove an important tool for U.S. commercial trade interests.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Islamabad [PK1], PK

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Executive Summary

Pakistan's agriculture sector remains at a crossroad due to the on-going serious shortage of water for irrigation, a situation that creates significant uncertainty for the oilseed crops. Two consecutive weak monsoon seasons (late summer/early fall) coupled with inadequate glacier and snow melt runoff are the primary reasons for the current acute shortage of water supplies. The country's reservoirs depend largely on glacier and snow melts. Late June would be the earliest that those reservoirs would be recharged by accumulation of any runoff. Thus the success of MY 2003/04 oil seed crops would be a function of warm and clear spring weather that promotes ice/snow melt leading to increased water supplies.

The longer-term cause for the irrigation water supply shortage is poor resource management and planning. Since the irrigation system was completed in the 1970's, demand for water has increased more than 50 percent while storage capacity has decreased by one-third due to silting, leaving per capita availability at a fraction of its original level. As a result, chronic water for irrigation shortfalls is expected to play an increasingly important role in Pakistan's agricultural production. In addition to increasing storage capacity and adapting new irrigation techniques, many observers believe Pakistan will need to alter cropping patterns significantly to conserve scarce water resources by shifting out of water-intensive crops, particularly sugar cane and rice, and into other crops, including oilseeds.

Pakistan is the world's fourth largest importer of edible oil. Edible oil imports represent the country's second largest import expenditure after energy resources. Oilseed production is highlighted by the government as an important way of saving scarce foreign exchange. Despite this focus, efforts to increase production have not been very successful for a number of reasons and significant increases appear unlikely for the foreseeable future.

MY 2003/04 oilseed production is forecast to increase 9 percent on anticipated expansion in cotton seed and sunflower-seed planting and production. Over the past several years oilseed imports have increased sharply in response to government policy designed to support the domestic solvent extraction industry. This policy intent is to enable local producers to capture the value-added benefits from local meal and oil production and, in that way, enhance development of a viable industry necessary to stimulate local oilseed production. Until recently, the primary disincentive to soybean imports had been chronically poor crushing margins wrought by the readily available cheap Indian soybean meal. Recently crushing margins have improved considerably when land links with India closed for security reasons, in the process disrupting trade significantly. Regardless of future improvements in relations, India's exportable supplies of soybean meal are expected to decline over the next 3-to-5 years. The recent border closure should spur Pakistan onto developing alternate sources of soybean meal, particularly that generated by domestic processing, before supplies from India are more adversely affected.

MY 2003/04 meal production is forecast to increase 8 percent due to anticipated expansion in domestic oilseed production and higher import of oilseeds. Local processors are importing soybeans to satisfy a growing demand in the local poultry industry for higher quality feed. The inclusion rate of soybean meal in mixed feed formulation has increased to 15 percent in response to a demand for quality feed in the poultry and livestock industries.

In MY 2003/04 oil imports are forecast to increase mainly due to falling prices and increasing demand. Palm oil is the main oil imported. However, growing concern over the healthiness of palm oil is emerging. A large number of consumers now prefer liquid oils to 'ghee', especially when the former is competitively priced. In the long-term, domestically produced oil should displace imported palm oil.

OIL SEEDS

PRODUCTION

MY 2003/04 total oilseed production is forecast to increase by 9 percent to 4.03 million metric tons (MMT) based on increased planting of cottonseed, sunflower seed and rapeseed driven by economic incentives for cotton and sunflower oil and weather induced delays necessitating selection of shorter season crops.

MY 2002/03 oilseed production decreased 6 percent to 3.4 MMT due mainly to declines in production of cotton seed (6-percent) and rapeseed (4-percent).

Cottonseed:

Pakistan's principle oilseed crop, cottonseed, typically accounts for over 92 percent of total domestic oilseed production. Cottonseed is grown primarily for lint, the basic input for Pakistan's important textile industry. Oil and meal are secondary products.

MY 2003/04 cottonseed production is forecast to increase 10 percent on the strength of an increase in planted area. Higher returns for cotton relative to competing commodities coupled with major problems farmers had marketing the current sugarcane crop - sugar mills delayed payments and offered reduced prices by 50 percent, spurred on acreage diversion to sugarcane.

MY 2002/03 cottonseed production declined 6 percent overall though cultivated area decreased 15 percent. Higher yields from the harvested area nearly offset the negative effects of fewer acres devoted to the crop.

Rapeseed:

Traditionally rapeseed is mixed with wheat and harvested for fodder as well as for its oil. Rapeseed accounts for 5-8 percent of total oilseed production. The Government of Pakistan (GOP) desires to increase production of canola but over the past few years has made little progress towards achieving this goal. Plans to replace rapeseed and mustard seed with high-yielding canola have not materialized due to a lack of good quality seed and problems in marketing and pricing at the farmgate.

MY 2003/04 rapeseed production is forecast to increase 9 percent based on the projected expansion in planted area and improvement in yields.

MY 2002/03 rapeseed production decreased 4 percent mainly due to a contraction in area and yield brought on by a shortage of water for irrigation and problems farmers encountered the previous year marketing their crop.

Sunflower seed:

Sunflower seed production normally accounts for 2-5 percent of total oilseed production. In MY 2003/04 sunflower seed production is forecast to increase 15 percent over the previous crop on the basis of: (1) stronger farmgate prices offered by the solvent industry, (2) broader distribution of quality seed at an affordable price, and (3) lower return on the alternative crop wheat (farmers could only receive 80 percent of the government's support price).

MY 2002/03 sunflower seed production increased 66 percent over the previous year amount that had been shortened by a large shift to wheat and vegetable production in response to more positive market incentives offered by those crops.

Government Support

Oilseed production is encouraged through a support price mechanism that generates a higher farm-gate price with little direct government procurement. Thus far this year the government has not modified its support price. In earlier years the Military government, under a commitment to the Asian Development Bank (ADB), had not announced support prices for agricultural commodities. The ADB's intent was to minimize the government's influence on market prices. Instead of support price, the government concentrated on improving production technology, procurement and market infrastructure. Prime Minister Jamali's government, however, reintroduced the Minimum Guaranteed Price System justifying its action saying its to safeguard farmer interests in the event of falling market prices.

Rather than compete with domestic production, some officials are realizing that oilseed imports are needed to help develop a viable processing industry, a key to stimulating demand for local oilseed. Officials increasingly appear to believe that large oil imports--not oilseed imports--constrain development of a viable domestic processing industry, the catalyst for increasing domestic oilseed production. In MY 2003/04, the solvent extraction industry, in collaboration with seed companies, announced a minimum price for the purchase of oilseed crops, an action likely to lead to increased cultivation of oilseeds in the country.

Table 1: Oilseed Support Prices 1/

<i>Commodity</i>	<i>MY 2001/02</i>	<i>MY 2002/03</i>	<i>MY 2003/04</i>
Sunflower	500	560	630
Soybean	410	410	450
Canola	500	550	630

1/ Rupees per 40 kilograms (\$1 = Rs. 58)

CONSUMPTION

Pakistan's crushing industry consists of older, inefficient plants which simply crush the oilseeds and newer solvent extraction plants. Industry capacity is estimated at 5 MMT, of which 3.5 MMT consists of the older plants and 1.5 MMT consists of the newer solvent extraction plants. It is estimated that the solvent extraction industry is operating at 50 percent of capacity due to a lack of raw materials.

TRADE

MY 2003/04 oilseed trade is forecast to expand 8 percent as crushing margins improve with recent changes to the import duty structure. Imports likely will consist of 150,000 MT of soybeans and 500,000 MT of rape/canola seed. In June 2002, the GOP lowered the duty on all oilseed commodities and imposed a uniform rate of 10 percent on all oilseeds. This follows the removal of the 15 percent sales tax on domestically produced

soybean oil. Soybean meal remains the primary product demanded in the market. U.S. soybeans currently in the market entered under USDA's P.L. 480 and 416(b) programs. Industry sources indicate that meal quality is good and that prices received are competitive as compared to Indian meal.

MY 2002/03 oilseed trade increased 4 percent due mainly to lower tariffs on oilseed and higher tariffs on meal and oil which influenced crush margins significantly. Changes allowed the industry (and the economy) to capture the value-added benefits from local crush, mainly at the expense of imported Indian soybean meal and palm oil. Rapeseed/canola seed were imported primarily from the European Union and Australia while sunflower-seed arrived from the Ukraine.

Table 2: Oilseed Imports (MT)

Commodity	MY2001/02	MY 2002/03	MY 2003/04
Soybeans	248,000*	170,000*	150,000*
Sunflower-seed	0	30	0
Canola/rapeseed	327,000	400,000	500,000
Total	575,000	600,000	650,000

* Includes soybeans imported under USDA's 416 (b) and PL-480 programs

Table 3: Total Oil seed Production, Supply and Demand

Country	Pakistan					
Commodity	Total Oilseeds				(1000 HA)(1000 MT)(RATIO)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	3202	3462	3202	3136	0	3356
Area Harvested	3442	3428	3042	2978	0	3256
Beginning Stocks	0	0	0	0	0	0
Production	3763	3893	3720	3696	0	4030
MY Imports	675	575	825	600	0	650
MY Imp. from U.S.	124	165	125	42	0	50
MY Imp. from the EC	0	410	0	558	0	600
TOTAL SUPPLY	4438	4468	4545	4296	0	4680
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3818	3840	3915	3697	0	4027
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	620	628	630	599	0	653
TOTAL Dom. Consumption	4438	4468	4545	4296	0	4680
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	4438	4468	4545	4296	0	4680
Calendar Year Imports	400	440	150	548	0	550
Calendar Yr Imp. U.S.	0	140	0	42	0	50
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 4: Cotton seed Production, Supply and Demand

Country	Pakistan					
Commodity	Oilseed, Cottonseed				(1000 HA)(1000 MT)(RATIO)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted (COTTON)	3200	3150	3200	2800	0	3000
Area Harvested(COTTON)	3130	3116	2700	2642	0	2900
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	3484	3614	3400	3396	0	3700
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3484	3614	3400	3396	0	3700
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	2955	3072	2885	2887	0	3145
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	529	542	515	509	0	555
TOTAL Dom. Consumption	3484	3614	3400	3396	0	3700
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	3484	3614	3400	3396	0	3700
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 5: Sunflower-seed Production, Supply and Demand

Country	Pakistan					
Commodity	Oilseed, Sunflower-seed				(1000 HA)	(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	38	0	65	0	73
Area Harvested	38	38	70	65	0	73
Beginning Stocks	0	0	0	0	0	0
Production	46	46	88	77	0	88
MY Imports	0	0	125	30	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	30	0	0
TOTAL SUPPLY	46	46	213	107	0	88
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	41	41	188	96	0	79
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	5	5	25	11	0	9
TOTAL Dom. Consumption	46	46	213	107	0	88
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	46	46	213	107	0	88
Calendar Year Imports	0	0	0	20	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 6: Rapeseed Production, Supply and Demand

Country	Pakistan					
Commodity	Oilseed, Rapeseed				(1000 HA)	(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	272	0	269	0	282
Area Harvested	272	272	270	269	0	282
Beginning Stocks	0	0	0	0	0	0
Production	231	231	230	221	0	241
MY Imports	374	327	350	400	0	500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	327	0	400	0	500
TOTAL SUPPLY	605	558	580	621	0	741
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	533	502	510	559	0	667
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	72	56	70	62	0	74
TOTAL Dom. Consumption	605	558	580	621	0	741
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	605	558	580	621	0	741
Calendar Year Imports	400	300	150	400	0	400
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 7: Soybean Production, Supply and Demand

Country	Pakistan					
Commodity	Oilseed, Soybean				(1000 HA)	(1000 MT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	2	2	2	2	0	1
Area Harvested	2	2	2	2	0	1
Beginning Stocks	0	0	0	0	0	0
Production	2	2	2	2	0	1
MY Imports	301	248	350	170	0	150
MY Imp. from U.S.	124	165	125	42	0	50
MY Imp. from the EC	0	83	0	128	0	100
TOTAL SUPPLY	303	250	352	172	0	151
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	289	225	332	155	0	136
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	14	25	20	17	0	15
TOTAL Dom. Consumption	303	250	352	172	0	151
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	303	250	352	172	0	151
Calendar Year Imports	0	140	0	128	0	150
Calendar Yr Imp. U.S.	0	140	0	42	0	50
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OIL MEALS

PRODUCTION

MY 2003/04 oilseed meal production is forecast to increase 8 percent on the strength of larger quantities of soybeans and rapeseed projected to be imported and processed domestically. The domestic crushing industry traditionally produced a product consisting of about 75 percent cottonseed, 15 percent rapeseed and 6 percent soybean. The tax structure and availability of low-priced soybean meal from India dissuaded the domestic industry from importing soybeans. With recent changes in the tax codes and growing interest in higher-quality feed meal within the expanding domestic poultry sector, the feed industry is utilizing imported soybeans more to remain competitive. To meet demand for higher quality feed over the next 3-5 years, the Pakistani feed sector will need to develop alternative sources of soybean meal to meet its expanding requirement as India is expected to retain more of its “exportable” supplies to meet domestic needs.

MY 2002/03 meal production decreased about 5 percent due to the lesser cottonseed output.

CONSUMPTION

MY 2003/04 soybean meal disappearance is expected to increase as competitiveness within and between the poultry and livestock sectors drive producers to using higher-quality inputs in feed (i.e., use higher protein rations) in order to improve production efficiencies. This is most evident in the poultry sector now in expansion mode to meet consumers’ demand for white meat perceived as a healthier protein source. Traditional feed rations are inadequate and contain little or no protein. Feed millers are more conscious now about meal quality and are applying a soybean meal at an inclusion rate of 15 percent, up from the traditional 5-7 percent. The potential for rapid expansion of protein meal consumption is present exists in the Pakistan market right now.

TRADE

Of all meals imported, soybean meal is the most common. During MY 2003/04, soybean meal imports are projected to decline in response to greater domestic crush activity. Pakistan has imported large quantities of soybeans under the USDA’s 416(b) and PL-480 programs and a lesser amount through commercial channels. In recent years India supplied all soybean meal requirements. They achieved domination of the market by applying predatory practices to significantly reduce crushing margins thus by that action dampen the domestic industry’s demand for whole soybean imports. Recent changes in the Pakistani tax structure and heightened tensions with India that has led to closure of land links and to disruption in trade necessitates that Pakistan seek alternative supplies for meeting soybean meal requirements. Over the next 3-5 years, this shift away from a single supplier to multiple sources should become more evident in the market.

Table 8: Total Oil Meal Production, Supply and Demand

Country	Pakistan					
Commodity	Total Oil Meal					(1000 MT)(PER CENT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	3818	3840	3915	3697	0	4027
Extr. Rate, 999.9999	0.470927	0.477083	0.47433	0.470922	ERR	0.468339
Beginning Stocks	0	0	0	0	0	0
Production	1798	1832	1857	1741	0	1886
MY Imports	3	30	0	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1801	1862	1857	1746	0	1891
MY Exports	0	20	0	20	0	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1801	1842	1857	1726	0	1841
TOTAL Dom. Consumption	1801	1842	1857	1726	0	1841
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1801	1862	1857	1746	0	1891
Calendar Year Imports	0	30	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	20	0	20	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 9: Cottonseed Meal Production, Supply and Demand

Country	Pakistan					
Commodity	Meal, Cottonseed					(1000 MT)(PERCENT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	2955	3072	2885	2887	0	3145
Extr. Rate, 999.9999	0.443316	0.459961	0.444021	0.459993	ERR	0.460095
Beginning Stocks	0	0	0	0	0	0
Production	1310	1413	1281	1328	0	1447
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1310	1413	1281	1328	0	1447
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1310	1413	1281	1328	0	1447
TOTAL Dom. Consumption	1310	1413	1281	1328	0	1447
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1310	1413	1281	1328	0	1447
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 10: Sunflower-seed Meal Production, Supply and Demand

Country	Pakistan					
Commodity	Meal, Sunflower-seed					(1000 MT)(PERCENT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	41	41	188	96	0	79
Extr. Rate, 999.9999	0.439024	0.414634	0.441489	0.416667	ERR	0.417722
Beginning Stocks	0	0	0	0	0	0
Production	18	17	83	40	0	33
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	18	17	83	40	0	33
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	18	17	83	40	0	33
TOTAL Dom. Consumption	18	17	83	40	0	33
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	18	17	83	40	0	33
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 11: Rapeseed Meal Production, Supply and Demand

Country	Pakistan					
Commodity	Meal, Rapeseed					
					(1000 MT)(PER CENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	533	502	510	559	0	667
Extr. Rate, 999.9999	0.452158	0.450199	0.45098	0.450805	ERR	0.449775
Beginning Stocks	0	0	0	0	0	0
Production	241	226	230	252	0	300
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	241	226	230	252	0	300
MY Exports	0	20	0	20	0	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	241	206	230	232	0	250
TOTAL Dom. Consumption	241	206	230	232	0	250
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	241	226	230	252	0	300
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	20	0	20	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 12: Soybean Meal Production, Supply and Demand

Country	Pakistan					
Commodity	Meal, Soybean					
					(1000 MT)(PER CENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	289	225	332	155	0	136
Extr. Rate, 999.9999	0.792388	0.782222	0.792169	0.780645	ERR	0.779412
Beginning Stocks	0	0	0	0	0	0
Production	229	176	263	121	0	106
MY Imports	3	30	0	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	232	206	263	126	0	111
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	232	206	263	126	0	111
TOTAL Dom. Consumption	232	206	263	126	0	111
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	232	206	263	126	0	111
Calendar Year Imports	0	30	0	5	0	5
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OILS

PRODUCTION

Pakistan is in a deficit position regarding oil production and can only meet 30 percent of its total consumption requirements. MY 2003/04 oil production is forecast to increase 10 percent based on expected rises in domestic oilseed production and oilseed imports. Of domestic production cottonseed oil accounts for 54 percent, rapeseed oil accounts for 38 percent, and sunflower oil accounts for 5 percent. Share of oil produced from domestic oilseeds is expected to rise due to increased planting of sunflower-seed and cottonseed in response to stronger market conditions (cotton) and quality seed availability (sunflower).

CONSUMPTION

MY 2003/04 total edible oil consumption is forecast to increase based on some economic revival resulting in enhanced consumer purchasing power and on continued expansion of the population (2 percent). An estimated 75 percent of total oil consumption is consumed as "ghee" (i.e., shortening). Virtually all palm oil and most cottonseed oil are used to produce "ghee." There is, however, a growing consciousness of the negative health effects of saturated oils, particularly palm oil and consumers (when they can afford it) are increasingly shifting from "ghee" to liquid oils.

TRADE

Pakistan is one of the world's largest vegetable oil importers. Imports of edible oils represent the second single largest expenditure of foreign exchange by the country. To conserve scarce foreign exchange, the government has highlighted domestic production of oilseeds and oil as a priorities. Despite this rhetoric, production remains basically stagnant as the return on oilseeds and products remain's weak given international market prices and the inefficient domestic market structure. MY 2003/04 oil import is forecast to increase 2 percent to 1.35 MMT.

Pakistan is a price-sensitive market and the relative prices for various oils affect the import mix. Palm oil is the main oil imported for price reasons. In addition, "flexibility" in contract terms and specifications make palm oil even more attractive. With consumers' growing awareness of the health qualities of vegetable oils, domestically produced liquid oils are expected to play a larger role in daily diet at the expense of imported palm oil.

During MY 2002/03, oil imports increased marginally due mainly to more attractive international prices. Imports of palm oil increased because of greater availability of low-priced palm olein, which is often blended with other liquid oils. In June 2002 the GOP reduced the import duty on Palm olein to be on par with soybean oil. However, the duty on sunflower and rapeseed oils were increased to protect the domestic solvent industry from those imported oils.

Table 13: Oil Tariffs and Taxes

<i>Commodity</i>	<i>NEW Tariff</i>	<i>OLD Tariff</i>
Palm Oil	Rs. 9,500 per MT	Rs.10,800 per MT
Palm Olein	Rs. 9,050 per MT	Rs. 9,050 per MT
Soy Oil	Rs. 9,050 per MT	Rs. 9,050 per MT
Sun Oil	Rs. 15,650 per MT	Rs. 9,050 per MT
Canola Oil	Rs. 16,850 per MT	Rs. 9,050 per MT
Cotton Oil	Rs. 15,650 per MT	Rs. 9,050 per MT

STOCKS

Typically Pakistan retains oil stocks levels equivalent to two months supply. Stocks are held both by producers and traders.

Table 14: Total Oils Production, Supply and Demand

Country	Pakistan					
Commodity	Total Oils				(1000 MT)(PERCENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	3818	3840	3618	3697	0	4027
Extr. Rate, 999.9999	0.147197	0.136198	0.152294	0.14363	ERR	0.145021
Beginning Stocks	163	158	145	158	154	168
Production	562	523	551	531	0	584
MY Imports	1445	1295	1560	1320	0	1350
MY Imp. from U.S.	30	60	10	38	0	40
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2170	1976	2256	2009	154	2102
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	80	86	83	85	0	89
Food Use Dom. Consump.	1915	1702	1989	1726	0	1814
Feed Waste Dom. Consum	30	30	30	30	0	31
TOTAL Dom. Consumption	2025	1818	2102	1841	0	1934
Ending Stocks	145	158	154	168	0	168
TOTAL DISTRIBUTION	2170	1976	2256	2009	0	2102
Calendar Year Imports	0	1240	0	1160	0	1175
Calendar Yr Imp. U.S.	0	60	0	38	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 15: Cottonseed Oil Production, Supply and Demand

Country	Pakistan					
Commodity	Oil, Cottonseed				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	2955	3072	2885	2887	0	3145
Extr. Rate, 999.9999	0.100508	0.099935	0.10052	0.100104	ERR	0.100159
Beginning Stocks	10	15	10	15	0	15
Production	297	307	290	289	0	315
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	307	322	300	304	0	330
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	21	28	22	26	0	28
Food Use Dom. Consump.	273	276	275	260	0	284
Feed Waste Dom. Consum	3	3	3	3	0	3
TOTAL Dom. Consumption	297	307	300	289	0	315
Ending Stocks	10	15	0	15	0	15
TOTAL DISTRIBUTION	307	322	300	304	0	330
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 16: Sunflower-seed Oil Production, Supply and Demand

Country	Pakistan					
Commodity	Oil, Sunflower					(1000 MT)(PERCENT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	41	41	188	96	0	79
Extr. Rate, 999.9999	0.390244	0.341463	0.398936	0.34375	ERR	0.341772
Beginning Stocks	3	3	1	3	2	3
Production	16	14	75	33	0	27
MY Imports	10	0	2	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	29	17	78	36	2	30
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	28	14	76	33	0	27
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	28	14	76	33	0	27
Ending Stocks	1	3	2	3	0	3
TOTAL DISTRIBUTION	29	17	78	36	0	30
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 17: Rapeseed Oil Production, Supply and Demand

Country	Pakistan					
Commodity	Oil, Rapeseed				(1000 MT)(PERC ENT)	
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	533	502	510	559	0	667
Extr. Rate, 999.9999	0.333959	0.330677	0.333333	0.329159	ERR	0.329835
Beginning Stocks	20	15	16	15	10	15
Production	178	166	170	184	0	220
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	198	181	186	199	10	235
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	8	5	5	6	0	7
Food Use Dom. Consump.	170	159	168	177	0	211
Feed Waste Dom. Consum	4	2	3	1	0	2
TOTAL Dom. Consumption	182	166	176	184	0	220
Ending Stocks	16	15	10	15	0	15
TOTAL DISTRIBUTION	198	181	186	199	0	235
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 18: Soybean Oil Production, Supply and Demand

Country	Pakistan					
Commodity	Oil, Soybean					(1000 MT)(PERCENT)
	2001	Revised	2002	Estimate	2003	Forecast
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	289	225	332	155	0	136
Extr. Rate, 999.9999	0.176471	0.16	0.177711	0.16129	ERR	0.161765
Beginning Stocks	5	15	5	15	6	20
Production	51	36	59	25	0	22
MY Imports	83	81	90	70	0	75
MY Imp. from U.S.	60	60	60	38	0	40
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	139	132	154	110	6	117
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	8	4	9	3	0	3
Food Use Dom. Consump.	123	112	136	86	0	93
Feed Waste Dom. Consum	3	1	3	1	0	1
TOTAL Dom. Consumption	134	117	148	90	0	97
Ending Stocks	5	15	6	20	0	20
TOTAL DISTRIBUTION	139	132	154	110	0	117
Calendar Year Imports	0	140	0	60	0	75
Calendar Yr Imp. U.S.	0	60	0	38	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table19: Palm Oil Production, Supply and Demand

Country	Pakistan					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	2001	Revised	2002	Estimate	2003	Forecast
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	120	110	96	110	90	115
Production	0	0	0	0	0	0
MY Imports	1325	1214	1350	1250	0	1275
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1445	1324	1446	1360	90	1390
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	53	49	54	50	0	51
Food Use Dom. Consump.	1270	1141	1276	1170	0	1199
Feed Waste Consumption	26	24	26	25	0	25
TOTAL Dom. Consumption	1349	1214	1356	1245	0	1275
Ending Stocks	96	110	90	115	0	115
TOTAL DISTRIBUTION	1445	1324	1446	1360	0	1390
Calendar Year Imports	0	1100	0	1100	0	1100
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0